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THE DYNAMICS OF THE CONSULTING PROCESS IN LARGE SYSTEM CHANGE

by

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The focus of this paper is on assisting organization change through consultative or training interventions. I would like to describe my assumptions about organization change; intervention practice; the relationship between change managers (organizational leaders) and change agents (consultants, trainers).

I will focus the majority of this paper on the intervenor (change agent, facilitator, consultant). Specifically, I will examine what the intervenor brings to the relationship -- issues he faces in deciding on his intervention strategy -- choices in initial interventions -- values and ethical issues he faces.

I will describe a model of diagnosis and strategy planning which I have used in change efforts over a number of years. Finally, I will look at some change strategies in organizations and large system change.

I. A Definition of Organizational Effectiveness and Health (1)

An effective organization is one in which:

A. The total organization, the significant subparts, and individuals manage their work against goals and plans for achievement of these goals.

B. Form follows function (the problem, or task, or project determines how the human resources are organized).

C. Decisions are made by and near the sources of information regardless of where these sources are located on the organization chart.

D. The reward system is such that managers and supervisors are rewarded (and punished) comparably for:

- short-term profit or results,
- growth and development of their subordinates,
- creating a viable working group.

E. Communication laterally and vertically is relatively undistorted. People are generally open and confronting. They share all the relevant facts including feelings.

F. There is a minimum amount of inappropriate win/lose activities between individuals and groups. Constant effort exists at all levels to treat conflicts as problems subject to problem-solving methods.

G. There is high 'conflict' (clash of ideas) about task and projects, and relatively little energy spent in clashing over interpersonal difficulties because they have been worked through.

H. The organization and its parts see themselves as interacting with each other and with a larger environment. The organization is an 'open system'.

I. There is a shared value, and management strategy to support it, of trying to help each person (or unit) in the organization maintain his (or its) worth, integrity, and uniqueness in an interdependent environment.

J. The organization and its members operate in an 'action-research' way. There are built-in feedback mechanisms so that individuals and groups can learn from their own experience. The organization is consciously self-renewing

II. Some Assumptions about Organization Change

A. It must be 'owned' by the key people in the organization - usually at several levels.

B. It must be managed from the top.

C. It must be system oriented - relating to the total organization or significant part, significant subsystems.

D. It must have an extended time frame.

E. It must be related to the organization's mission and goals. Organizational changes, 'for change sake', or for improving conditions internally are likely not to be maintained.

F. Change efforts must be responsive to its organization environmental interfaces. It is no longer practical to improve internal effectiveness without explicit attention to the relationship of the organization to its environment.

G. It must be implemented through leadership behavior from the organization's leaders. Facilitators can help in the planning, but the implementation must be managed by the organization's leadership.

H. Real organization change will not take place and stay maintained unless three conditions are obtained.

1. There must be real dissatisfaction with the status quo - a high enough level of dissatisfaction to mobilize energy toward some change.

2. There must be in the organization leader's heads some picture of a desired state which would be worth mobilizing energy to change toward.

3. There must be in the organization leader's heads a knowledge and picture of some practical first step toward this desired state if energy is to be mobilized to start.

If any one of these three conditions does not exist in strength, the 'cost', (economic and emotional), of changing is likely to be too high.

III. The Client-Consultant Relationship

I want to look now at the 'going-in' condition relationship between the organization leader(s), whom I will call 'clients' , and the intervenor(s), or change facilitator(s), whom I will call 'consultants'.

Assumptions About Initial Relationship Between Leaders (Clients) and Change Facilitators (Consultants)

A. There is likely to be some dependency by the client on the consultant. The client is likely to feel the need for expert help with whatever problem he is bringing to the consultant. A characteristic of a dependency condition which has particular implications for consultant-client relationships is that dependency is OK and comfortable when the thing or person on which you are dependent does not have skills or competence that you want. For example, I can wallow in my dependency on TV repairmen. Even if they tell me that I could 'do it myself' for half the price, I would much prefer to have them make the repair and fix the set! I have no needs, desire, or interest in becoming expert at repairing television sets. On the other hand, most managers and organization leaders see themselves as needing to be competent in managing organization affairs and human affairs in organizations. Therefore, the 'dependency' on the 'expert' to assist them is a two-sided coin - on the one hand they want some help and guidance; on the other hand they resent that they need it. With outside consultants, this 'ambivalence' is likely to take the form of overdependence - getting the consultant to make the decisions, so that if something goes wrong, the client knows who to blame. With inside consultants, it is likely to take the form of 'prove that you're more competent than I am about this problem or situation'.

B. There is likely to be some suspicion of the 'consultant's' motives and/or competence.

This is closely related to the previous item. It produces a real dilemma for the 'consultant': to either prove that he does have skill and competence; or to induce some client anxiety, by not immediately behaving in ways that show his 'competence'.

C. There is likely to be some threat to existing traditions, ways of work, relationships, and rewards.

The very need for change probably means that some kinds of well-established forms, norms, ways of doing things must be replaced. It may mean that some people may have to be replaced. It likely means that work will be reorganized and/or structures will be changed and/or reporting relationships will be changed and/or the 'pecking order' will be changed. The 'client' probably knows this, but also probably finds it somewhat threatening. If the threat is great, there is likelihood that he will transfer the 'threat' to the consultants, implying that the consultant represents 'new' or 'different' ways of work.

This produces another dilemma for the consultant: how much to behave as the champion or advocate of new ways or change, vs. how much to help the client face up to his (the client's) concerns or feelings of threat (to be a process diagnostician).

D. There is likely to be pressure for early results.

This is an important dynamic which can subvert any change effort, particularly if there are budget consequences. There may be strong needs on the part of the entry client (first client in a system), to prove either to his bosses or to his colleagues or subordinates, the worth of investing in the change effort. Many complex change programs require pilot projects or experiments. Many 'clients' have needs to make a big impact on the organization quickly; and therefore want to see some massive educational change effort introduced

during their 'time in office'.

E. There is likely to be some confusion around the amount of perceived power a 'consultant' has and/or should have.

Depending upon the consultant's outside reputation, track record, access to other parts of the organization - the entry client may see him as all-powerful anywhere down to low-power. I assume that at the beginning of the relationship the power is 'perceptual', that is, it is the amount of power to influence the client that the client gives the consultant that governs the client's behavior. I believe that there is a need for clarifying at a very early stage the client's perceptions, the consultant's perceptions, and the likely perceptions of other key people in the organizational system about the consultant's roles and influence. Both the perceptions and behavior will change during the relationship.

F. There are likely to be unrealistically low expectations by the organization leaders of the requirements for their own personal investment of time and energy in the change effort.

Entry clients - particularly those at the center of the organization - frequently assume that by bringing in a consultant, they then can delegate the 'management' of the change effort to the specialist or expert; and that their role is to be permissive and supportive of the activities. This assumption is valid in so far as it is their job to make sure that the support conditions are there for changes. It is incorrect, however, to assume that the top of the organization can avoid significant commitments of their personal energy towards managing the change effort.

G. There is likely to be an unrealistically low connection in the organization leader's mind between the organization's needs to act differently and the organization's needs to learn how to act differently.

This may produce resistance to 'educational' activities or training programs or development programs as being less relevant or less related to the desired change.

IV. Implications for Consultants Behavior Are

A. He must find ways of reducing the dependency.

He must somehow deal realistically with the client, meeting enough of the dependency needs to not lose the connection, but resisting some of them and moving the client more toward independence and ownership. He must repeatedly resolve the dilemma; when to be 'consonant', and when to be 'dissonant' to the client.

B. He must find ways of exposing both his motives and his competence.

He must find some way of communicating to the client 'where he's at' and what he wants. He is faced with a very major value or ethical choice or dilemma: to what degree, in this relationship, does he, the consultant, wish to be an advocate (of a position or value system or a goal) - and to what degree is he a methodologist (assisting the client to find ways of working and solving the problems)?

For example - if a client wants some help in how to prepare his organization for the hiring of more racial minority members and females into management positions - the consultant has a choice of using his influence position and his own values as a basis for his behavior. He can urge the client to take an aggressive socially responsible position - to take a strong stand for the change, etc. He can communicate the 'rightness' of the change. Or he can work as a methodologist - helping the client assess the forces in the situation, looking at options, assessing resistance to the change - looking at options for 'postures' toward the change by the client, identifying sub-problems,

looking at various consequences.

Increasingly frequently, the choices for the consultant are becoming very difficult. What values to share? What to suppress?

He has another dilemma around exposing his competence. There is usually a client need to have some evidence that the consultant can be helpful in working the problem. There's also the consultant's need to prove, both to himself and to the client, that he is competent in this situation. Over-reaction to the client's needs can produce too much of the 'expert syndrome' or premature solutions. On the other hand, paying no attention to these needs may terminate the relationship at a very early stage. The dilemma here is to find ways, perhaps experiments or pilot projects, or initial diagnoses, that prove to the client that the consultant understands the total problem, can deal with the development of a desired state of change, and has some suggestions or practical first steps for getting there.

C. He must find some ways of dealing with threat.

As mentioned above, he must somehow find a way of communicating to the client that he understands and empathizes with the fact of threat, and that change will involve costs and upsets; and that there is a great need for both of them to keep this explicitly in mind throughout the relationship.

D. He must find ways of helping the client develop a realistic, practical time frame.

The consultant needs to help the client look at the consequences of immediate superficial success and over-expenditure of massive energy too soon.

E. He must find ways of getting the organization leaders to make personal commitments of time and energy to manage the change effort.

This means confronting the entry client and/or the leaders of the organization with their role as 'culture managers', as people with whom the rest of the organization identifies, as policy makers, and as 'role models'. He needs to help them look at the consequnces of their behavioral commitment or lack of, and help them make appropriate mangerial choices about time investment and cost.

F. He must find ways of identifying and defining educational and learning needs, and outcomes necessary to get behavioral or procedural change in the organization. He must help the client system look at what kinds of 'unfreezing' from old attitudes, behaviors, norms, traditions, etc., are necessary, in order for real behavioral change to take place. If, for example, a computer is to be introduced to replace a hand bookkeeping system, what kinds of education and learning, what kinds of changes in knowledge, understanding, attitudes are necessary prerequisites for effective behavioral change on the part of those who will either have to learn to use the computer or will find their work being taken over by the computer?

Another illustration: An organization has large numbers of managers whose style is heavily autocratic or paternalistic and the organization management wishes to change toward a more paticipative style. It may well be necessary to provide some educational interventions, such as a phase one managerial grid seminar or a one week 'new styles of management' program for all middle managers. It may be necessary to send certain key people to outside educational activities, in order to provide some unfreezing of traditional attitudes, so that the conditions for trying new ways can get established.

The Intervenor

So far I have looked at some assumptions about organization change: some assumptions about the relationship between the change managers or organization

leaders, and the change agents or consultants. I'd like now to focus further on the consultant or intervenor or change agent - taking a look at what he brings to the relationship, what specific issues he faces around his personal behavior, how he determines his intervention strategies and his organization diagnosis.

I. A Definition of Intervention:

Interventions are behaviors that inject into the ongoing social processes of a system. They may intervene or stop.

- interaction between individuals
- interaction between groups
- the procedures used for:
  - . transmitting information
  - . making decisions
  - . planning action or setting goals
- the strategies and policies guiding the system, norms, or unwritten ground rules or values of the system
- the attitudes of people toward:
  - . work
  - . the organization
  - . authority
  - . social values
- the distribution of effort within the system

II. What the Intervenor Brings to the Engagement

- He has a set of values and assumptions about excellence, or an ideal state, which affect his behavior.
- He has a set of attitudes toward the client systems' goals and values, which affect his behavior.

- He has some degree of need to influence the client system to change.
- He has some amount of need for approval and success by the client system and by the entry client.
- He has a mix of needs of control the situation and to help the situation.
- He has a set of attitudes about the potential for growth and actualization of people in general, and people in the client system in particular.
- He has some motivation to stay with the client system during the change.
- He has some 'mix' of skills as:
  . Organization diagnostician
  . Theory interpreter
  . Consultant
  . Designer of training activities
  . Trainer
  . Structural analyst
  . Change planner
- He has some amount of knowledge about
  . The nature of human nature
  . Motivation theory and principles
  . The nature and dynamics of organizations
  . The nature and dynamics of small groups
  . The styles of managing and their consequences
  . The process of change and resistance to change
  . Organization development - planned organization change
  . Systems analysis

As he intervenes in the system to help with organizational change he must 'manage' all of the above that he brings to the situation as well as the various dynamics of the entry client.

III. Entry and Contract Issues

Operationally, the consultant-intervenor is faced with establishing a working contract with the client as a way of managing the above issues.

He needs to decide, in his initial relationship establishment, how he will handle:

- Sharing of expectations between consultant and client about ways of work, outcomes, power arrangements, etc.
- Sharing of values - between the consultant and the first client, other clients, and the whole system.
- Definitions of the organization problems and change problems - accepting the client's initial definition, or depending on the consultant's initial diagnosis, or other data from the system.
- Sharing of feelings and attitudes - of the entry client toward the organization.
- What kind of a role relationship should be developed, what kind of time frames, what early roles?

One other part of the contract setting is the establishment of boundaries of the consultant's access to the system. Does he have complete freedom to enter the total system anywhere he wishes? Can he work only through the entry client? Can he work within certain levels, or certain departments, or certain areas? If the boundaries as defined by the client are unacceptable to the consultant, it is quite possible that the relationship should terminate at this time. Similarly, if the consultant's requirements are not acceptable to the client, the same result might occur. Early agreement on boundaries of

access is a critical variable in a large system change.

Another operational issue that grows out of several of the above mentioned dynamics, is a choice of when to function as a consultant (helping the client to work the problem) and when to be an expert (providing solutions or action recommendations). This is a continuing choice throughout the life of the relationship but is crucial during the early stages. It defines behaviorally the consultant's ways of work. It also meets or does not meet client expectations and desires for consultant behavior. Open discussion of the conditions under which the consultant will behave (as expert, procedural technician, process consultant or counselor) will help the initial relationship considerably.

Another issue is the determination of those areas where the consultant can and/or should contribute substantively. One of the problems faced by some consultants, is that they see themselves as purely process consultants and therefore only intervene around the interpersonal, intergroup, or group processes. Often, from the client's point of view, this, though helpful, is not of priority relevance. The client's needs frequently are for some assistance in actually comparing his actions with some other experience, or looking at what a proposed action might mean in terms of organizational consequences. The consultant may have considerable background of experience from working with other clients or organizations. To ignore this is for the client to lose a resource. On the other hand, if the consultant's contributions are seen as prescriptions, this will increase dependency and perhaps establish an unhealthy relationship. The fine line between these is a continuing problem, and one that can be worked if the client and consultant establish some ground rules and a feedback system early in the relationship.

The outside consultant is more likely to have early credibility with a client based on the client's perception of the consultant's knowledge and/or experience. Clients tend to project more competence and credibility on to those who can command high professional fees, which is a symbol of a good track record or a lot of experience, or being with the "right" university, or institution.

Internal consultants have a more difficult task. Their track record in their specialty is probably known to the client. They probably have some past, present, or future authority relationship with the client.

One way to help the credibility issue is for internal consultants to have more contact with the outside world - attend specialist courses - get asked to participate in outside seminars and events. Status increases by having knowledge in the field.

A MODEL FOR CHANGE PLANNING

I would like to propose a model of diagnosis and change planning that has had high usefulness to me in practically every large system intervention I've made. Like any other model it is no panacea, but it does seem to ask the right questions - the answers to which give you a basis for a relatively trustworthy judgement on early interventions into the large system (2).

I Assessing a Need for Change

When a change effort is initiated, either the client and/or the consultant, or some other part of the system has in fact determined that there is some need for changing something to something else. An initial diagnostic step is to analyze what those needs are and whether they

are shared perceptions or are very differentiated between parts of the system. For example, let us suppose a top management in an organization sees as a major need, the improvement of the supervisory behavior of middle management, and simultaneously the personnel staff in the organization sees as a prior need the change in managerial behavior of the top management and a change in the reward system. There are two very different perceptions of the priority of need for initial change, but there is a common perception that there is a need for changing things in the organization.

As a part of determining the need for change, it is useful to collect some information from various parts of the system in order to determine the strength of the need.

II Defining the Change Problem

This needs to be thought of in two distinct ways. One way of thinking about the change problem is the organization change needed or desired. For example, is the issue to change the state of morale, the way work is done, the communication system, the reporting system, the structure or the location of the decision-making, the effectiveness of the top team, the relationships between levels, or the way goals are set or what? The other distinct question around defining the change problem is what type of change is desired and what is the hierarchy or rank-ordering of these types? One should ask is the primary initial change requirement a change:

- Of attitudes? Of whose?
- Of behavior? By whom and to what?
- Of knowledge and understanding? Where?
- Of organization procedures? Where?
- Of practices and ways of work?

Rank-ordering the various types processes change helps to determine which early interventions are most appropriate.

III Defining the Appropriate "Client" Systems

Once having defined the change problem or problems from the point of view of both organizational change problems and change process problems, one can then look at the organization system and subsystems to determine which specific subsystems are primarily related to this particular change problem. The appropriate systems may be the organizational hierarchy, may be pieces of it, may be systems both inside and outside the formal structure, may be parts of the formal structure and not other parts. A conscious identification of those parts of the total system which primarily affect or are affected by this particular change helps to cut down the number of subsystems to be considered and also helps to clarify directions for early intervention.

IV Determining Each (Sub) System's Readiness and Capability for Change

Readiness as stated here, means either attitudinal or motivational energy toward the change. Capability means the physical, financial, organizational capacity to make the change. These are independent and interdependent variables.

Readiness -- In determining readiness for change, there is a useful formula developed by David Gleicher of Arthur D. Little that I find particularly helpful. The formula can be described mathematically $C = (abd) > x$. To identify the formula write C = change, a = level of dissatisfaction with the status quo, b = clear or understood desired state, d = practical first steps toward a desired state, x = "cost" of changing.

In other words, for change to be possible and for commitment to occur, there has to be enough dissatisfaction with the current state of

affairs to mobilize energy toward a change. There also has to be some fairly clear answer about what the state of affairs would be if and when the change were successful, in order for energy to be mobilized toward it. A desired state needs to be consistent with the values and priorities of the client system. There also needs to be some client awareness of practical first steps, or starting points, toward the desired state.

An early diagnosis by the consultant of which of these conditions does not exist, or does not exist in high strength, may provide direct clues as to where to put early intervention energy. For example, if most of the system is not really dissatisfied with the present state of things, then early interventions may well need to aim toward increasing the level of dissatisfaction. On the other hand, there may be plenty of dissatisfaction with the present state, but no clear picture of what a desired state may be. In this case, early interventions might be aimed to get strategic parts of the organization defining the ideal or desired state. If both of these conditions exist, but practical first steps are missing, then early interventions may well be to pick some subsystem, e.g., the top unit or a couple of experimental groups, and to begin improvement activities.

A case illustration: A general manager was concerned that the line managers weren't making good use of resources of the staff specialists. He felt the specialists weren't aggressive enough in offering their help. He had a "Desired State" picture of what "good" use of staff by line would be. He also had a practical first step in mind ... send the staff out to visit the units on a systematic basis, as a control they would report back to him after their visits. He sent a memo to all staff and line heads announcing "the plan". Staff went to the field; had a variety of

experiences, mostly frustrating. The general manager got very busy on other priorities and did not hold his planned follow-up meetings. After one round of visits, the staff stopped its visits except in rare cases. Things returned to "normal". An analysis showed that the general manager's real level of dissatisfaction with the previous state of affairs wasn't big enough to cause him to invest personal energy -- follow up reporting -- so the change didn't stay changed.

Capability -- Capability is sometimes within one's control but frequently is outside personal control. For example, a personnel or training manager may be very ready to initiate a management development program, but have low capability for doing for doing it because he has no funds or support. The president of an organization may have only moderate or low readiness to start a management development program but may have very high capability because he can allocate the necessary resources. Two subordinates in an organization may bw equally ready and motivated towards some change in their own functioning or leadership skills. One may have reached the ceiling of his capabilities and the other may not. Looking at this variable is an important guideline in determining interventions.

V Identifying Consultant's Own Resources and Motivations for the Change

In addition to defining where the system is at, and where the client is at, and determining with the client the rank-ordering of change priorities, it is necessary for the consultant to be fairly clear with himself and preferably also with the client, about what knowledge and skills he brings to the problems and what knowledge and skills he does not have. One of the results of the early dependency on a consultant - particularly if the first interventions are seen as helpful, or if his reputation is good - is to transfer the expertise of the consultant in a particular field to

being expert in anything. I have had clients ask my advice on investments, family life, which kind of car they should drive, and all sorts of items on which my competence to help just isn't there.

VI Consultant's Own Motivations

In looking at the issue of assessing one's own motivations, as noted earlier, one of the fundamental choices that the consultant must make in intervening in any large system as well as in any small system is when to be an advocate, and when to be a methodologist.

The values of the consultant and the values of the system and their congruence or incongruence come together around this point. The choice of whether to work with the client, whether to try to influence the client toward the consultant's value system, whether to take an active or passive role are a function of the decision that is made around the choice of advocacy vs. methodology.

This is not an absolute decision that, once made at the beginning of a relationship, holds firm throughout a change effort. Rather, it is a choice that is made daily around the multitude of interventions throughout a change effort. The choice is not always the same. I find it helpful to the relationship and to the change effort if the results of the choice are known to the client as well as to the consultant.

VII Determining and Immediate Change Strategy and Goals

Once change problems and change goals are defined, (particularly the kinds of goals that are concerned with moving toward "health" or "effectiveness") it is important to look at imtermediate objectives if enough positive tension and energy toward change is to be maintained. For example, let us suppose a change goal is to have all of the work teams in an organ-

ization consciously looking at their own functioning and systematically setting work priorities and improvement priorities on a regular basis. An intermediate goal might be to have seeded the various divisions or sections of the organization with at least one team per unit having achieved this condition by a certain time. These intermediate change goals provide a target and a measuring point en route to a larger change objective.

VIII Determining First Steps

One other set of diagnostic questions that I find relevant is to look at the subsystems again in terms of

- Vulnerability or readiness of each system to influence by the consultant and/or entry client.
- Accessibility of each of the subsystems to the consultant or entry client.
- Linkage of each of the subsystems to the total system or organization.

To return to the earlier illustration of starting a management development program, if the personnel director were highly vulnerable to influence by the consultant and highly accessable to the consultant, but had low linkage to the organization; and if the president were much less vulnerable to influence by the consultant and entry client who might be the training manager, would be who should sign the announcement of the program to the line management. The correct answer is not necessarily the president, with his higher linkage, nor the personnel man, with his accessability and commitment. The point is that weighing these three variables helps the consultant and client to make an operational decision based on data.

Whether one uses this model or some other, the concept of systematic

analysis and change problem helps develop a realisitic, practical, and more attainable strategy and goals.

INTERVENTION STRATEGIES IN LARGE SYSTEMS

To this point we have been looking at the process of intervention -- its dynamics and characteristics; at some issues around the relationship between the intervenor and the entry client; at the processes involved in problem identification, and early diagnosis. I'd like now to examine briefly what kinds of conditions in organizations tend to need large system interventions. I want to discuss a few of these that I consider most relevant:

- change in relationship of the organization to its environment
- change in managerial strategy
- change in organization structure
- change in ways work is done
- change in the reward system.

I. Change in Relationship of Organization to the Environment

The number and complexity of outside demands on organization leaders is increasing at a rapid pace. Pressures from environmental organizations, minorities, youth, governments, consumers -- each with strong demands for priorities of organization effort, have required organization leaders to focus on creative adaptation to these pressures. The autonomy of organizations is fast becoming a myth. Organization leaders are more and more recognizing that the institutions they manage are truly open systems. Improvement strategies based on looking at the internal structure, decision making, intergroup relationships, exclusively is an incomplete method of organization diagnosis and change strategy. A more relevant method for today's environment is to start with looking at how the organi-

zation and the key subsystems of it relate to the different environments with which the organization interfaces. One can then determine what kinds of organization structures, procedures and practices are necessary for each of the units in the organization to optimize the interface with its different environment. Once having identified these, management can then turn its energy toward the problems of integration (of standards, rewards, communications systems, etc.) which are consequences of the multiple interfaces. The concept of differentiation and integration has been developed by Paul Lawrence and Jay Lorsch.[1] In essence, their theory is that within any organization there are very different types of environments and very differenttypes of interfaces. In an industrial organization, for example, the sales department interfaces with a relatively volatile environment -- the market. The production department, on the other hand, interfaces with a relatively stable environment -- the technology of production. The kind of organization structure, rewards, work schedules and skills necessary to perform optimally in these two departments are very different. From a definition of what is appropriate for each of these departments as it relates to its peculiar environment, one then can organize an ideal, independent structure. Only then one looks at the problems of interface and communication.

Clark, Krone and McWhinney have developed a technology called "Open Systems Planning" which when used as an intervention, helps the management of an organization to systematically sharpen its mission goals; to look objectively at its present response pattern to those demands; to project the likely demand system, if no pro-active actions are taken by the organization leadership; to project an "ideal" demand system; to define what activities and behavior would have to be developed for the desired state to exist;

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[1]Paul Lawrence & Jay Lorsch, Organization and Environment: Managing Differentiation and Integration, (Boston, Harvard University, 1967).

and finally to analyze the "cost effectiveness" of undertaking these activities.

Such a planning method serves several purposes:

- it forces systematic thinking
- it forces people to think from outside-in (environment to organization)
- it forces empathy with other parts of the environment
- it forces facing the realities of today
- it forces a systematic plan for priorities in the medium term future.

This is one example of large system intervention dealing with the organization and its environment.

Another type of intervention is a survey of organization structure, work, attitudes and environmental requirements. From this an optimum organization design is developed.

There is an increasing demand for assistance in helping organization leaders with these macro-organization issues. Much current change agent training almost ignores this market need. Major changes in specialist training are called for, if OD specialists are to stay organizationally relevant.

II. Change of Managerial Strategy

One other change program involving behavioral science oriented interventions is a change in the style of managing the human resources of the organization. This can come about when top management is changing their assumptions and/or values about people and their motivations. It can come about as a result of new inputs from the environment -- for example, loss of a number of key executives, or difficulty in recruiting

top flight young people, or females in the organization demanding equal treatment, or government requiring new employment practices.

Whatever the causes, once such a change is planned, help is likely to be needed in

- working with the top leaders
- assessing middle management attitudes
- unfreezing old attitudes
- developing credibility down the line
- dealing with interfacing organizations, unions, regulatory agencies, etc.

Help can be provided in organization diagnosis, job design, goal setting, team building, and planning. Style changes need considerable time and patience -- perspective is essential and is often lost by the client. Both internal and outside consultants can provide significant leadership in providing perspectives to operating management. Some of the questions about key managers that need answers in planning a change in managerial strategy are:

- To what degree does the top management encourage influence from other parts of the organization? How do they manage conflict?

- To what degree do they locate decision making based on where information is located, rather than by hierarchical roles? How do they handle rewards that they control? What kind of feedback systems do they have for getting information about the state of things?

III. Change of Organization Structures

One key aspect of healthy or effective organizations is that the structures, the formal ways work is organized follow and relate to the work to be done; in many organizations the structure relates to the authority system: who reports to whom. Most organizations are designed to simplify the structure in order to get clear reporting lines which clearly define the power relationships.

As work becomes more complex it becomes impossible, in any large system, to have one organization structure that is relevant to all of the kinds of work to be done. The basic organization chart rarely describes the way even the basic work gets done. However, more and more organization leaders recognize and endorse the reality that organizations actually operate through a variety of structures. There are, in addition to the "permanent" organization chart, project organizations, task forces, and other temporary systems.

Let me give an illustration of where a firmly fixed organizational structure was a major resistance to getting required work done.

In this particular consumer-based organization there was a marketing organization that was primarily concerned with competing in the marketplace, and a technical subsystem that was primarily concerned with getting packages designed with high quality. Market demands required that the organization get some sample packages of new products in supermarkets as sales promotions. The "rules of the game" were that for a package to be produced it must go through a very, very thorough preparation including design and considerable field testing. These standards were developed for products which were marketed extensively, in a market

where the company had a very high share. The problem in this division was that the company had a very low share of the market, and was competing desperately with a number of other strong companies. Because of the overall company rules about packages, the division marketing people were unable to get the promotion packages into the stores on time. The result was they were losing an even greater share of the market. The frustration was tremendous, and was felt right up to the president.

Within the marketing organization there was a very bright, technically oriented, skilled, abrasive entrepreneurial type. He kept very heavy pressure on the package technical people. He was convinced that he could produce the packages himself within a matter of weeks as opposed to months that the technical people required. Because of his abrasiveness he produced a great deal of tension in the technical department -- to the point where the managers wouldn't speak to him. The tensions between the two departments increased. At one point the heads of the two departments were on a very "cool" basis. The president of the company was "climbing the walls" at the loss of markets. He had earlier attempted to do something about the situation by giving the marketing "entrepreneur" a little back room shop in which he could "prove" his assertions of being able to produce a package in a short time. The man did produce them, but when he took them to the technical people for reproduction, they called up all the traditional ground rules and policies to "prove" his package wouldn't work and couldn't be used.

The client -- in this case the president -- had diagnosed the problem as one of non-cooperation between the departments and particularly between individuals. Based on this diagnosis he asked for some consultative help

on working the interpersonal problem between the marketing entrepreneur and the people in the technical department. He also thought perhaps an intergroup intervention might be appropriate to increase collaboration between the groups.

As a consultant, my diagnosis was that although either of these interventions was possible and might, in fact, produce some temporary change, in the sense of lowering the heat in the situation, I could not see the possibility of either event producing more packages. Rather, the change problem, as I saw it, was one of an inappropriate structure for managing work.

I suggested that the leaders of the marketing and technical developments together develop a flow chart of the steps involved in moving from an idea to a finished promotion piece on packages. Then they were to isolate those items which clearly fitted within the organization structure, such as the last few steps in the process which were handled by the buying and production department. The remaining steps, I suggested, needed to be managed by a temporary organization created for just that purpose. I proposed that for each new promotion a temporary management organization be set up consisting of one person from packaging, one from marketing, one from purchasing, and one from manufacturing. This organization would have, as its charter, the management of the flow of that product from idea to manufacturing. They would analyze the problem, set a time table, set the resource requirements and control the flow of work. The resources they needed were back in the permanent structures of which they were also members. This task force would report weekly and jointly to the heads of both departments -- technical and marketing. The president would

withdraw from the problem.

The intervention produced the hoped for result -- promotion packages available in one fifth of the time previously required. The interpersonal difficulties remained for some time but gradually decreased as people were "forced" to collaborate in getting the job done.

IV. Change of Ways Work is Done

This condition is one where there is a special effort to improve the meaningfulness as well as the efficiency of work. Job enrichment programs, work analysis programs, development of criteria for effectiveness -- all of these things can be listed as interventions. To give an example, an intervention might be to work with a management group helping them take a look at their recent meeting agendas in order to improve the allocation of work tasks. Specifically, one can get them to make a list of those activities, and functions that absolutely have to be done by that group functioning as a group. Next, make a list of things that aren't being done but need to be done by someone at the top of their unit or organization. Make a third list of those things that they are now doing that could be done -- even if not so well -- by either the same people wearing their functional or other hats, or by other people. Experience has shown that the second two lists tend to balance each other out and tend to represent somewhere around 25-30% of the total work of such a group. Based on this analysis a replan of work can emerge. It can have significant effects on both attitudes and behavior. The output of such an activity, by a group at the top means that work gets re-allocated to the next level and thus a domino effect is set in motion which can result in significant change.

Another illustration describes an organization wide change effort to improve both the way work is done and the management of the work.

The total staff of this very large organization was about forty thousand people. During a six month period, the total organization met in their family groups or work teams, with the task of developing the criteria, against which that team wanted the performance of their work unit to be measured. They then located their current performance against those criteria and projected their performance at a date about six months in the future against the same criteria.

These criteria and projections were checked with senior management committees in each subsystem. If okayed they became the work plan and basis for performance appraisal for that group.

With this one intervention, the top management distributed throughout the whole organization, the responsibility for managing the work, to the people who were doing the work.

The results of this program were a significant increase in productivity, significant cost reductions, and a significant change in attitudes and feelings of ownership among large numbers of employees, many of whom were previously quite dissatisfied with the state of things. Given this participative mode, it is most unlikely that any future management of the organization could <u>successfully</u> return to over-centralized control. A great deal of latent energy has been released and continues to be used by people all over the organization who feel responsible and appreciated for <u>their</u> management of <u>their</u> work.

V. Changing the Reward System

One significant organization problem is getting the reward system consistent with the work. How often we see organizations in which someone in a staff department spends 90% of his time in assisting some line department; yet his annual review comes around, his performance is evaluated solely by the head of his staff department and probably on 10% of his work. One result of this is that any "smart" person behaves in ways that please the man that most influences his career and other rewards, rather than those with whom he is working. Inappropriate reward systems do much to sabotage effective work as well as organization health. An example of an intervention in this area: the group vice president of one of the major groups of businesses in a very large company was concerned about the lack of motivation of his division general managers in working with him on planning for the future of the business as a whole. He was also equally concerned that they were giving lip service to the development of their own subordinates. In his opinion, this was standing in the way of their own promotions. He had spoken of these concerns many times. His staff had agreed that it was important to change but their behavior was heavily directed toward maintaining the old priorities -- meeting short term profit goals. This group existed in an organization where the reward system was very clear. The chief executives in any sub-enterprise were accountable for their short term profits. This was their most important assignment. Given that company reward system, whatever the group vice president's wishes, it was predictable that his managers would work to the organization's real reward system even if only because of the fear of negative consequences if they didn't. Division managers knew that if

they did not participate actively in future business planning, or if they did not invest energy in the development of subordinates, they would incur the group vice president's displeasure and perhaps be spanked. They also knew, however, that if they did not meet their short term profit objectives, they probably would not be around. The company had an executive incentive bonus plan (considerable amounts of bonus money were available to people in the upper ranks for good performance). In trying to find a method for changing his division managers' priorities the group vice president looked, with consultant help, at the reward system. As a result of this he called his colleagues together and told them, "I thought you'd like to know that in determining your bonus at the next review, I will be using this formula. You are still 100% accountable for your short term profit goals -- but that represents 60% of the bonus. Another 25% will be my evaluation of your performance as members of this top management planning team. The other 15% will be your discernible efforts toward the development of your subordinates."

Executive behavior changed dramatically all over the place. The reality -- the reward system -- and the desired state were now consistent.

I have looked very briefly at several types of organization phenomena which need large system oriented interventions. I would like now to move back to looking at initial interventions, and to examine in another way the choices facing the intervenor.

EARLY INTERVENTIONS

There are a number of choices about where to intervene. I will list several, some of which have been discussed previously. My hope is

to lay out a map of possibilities. The list includes:

1. The top team or the top of a system.
2. A pilot project which can have a linkage to the larger system.
3. Ready subsystems -- those whose leaders and members are known to be ready for a change.
4. Hurting systems. This is one class of ready system but where the environment has caused some acute discomfort in a generally unready system.
5. The rewards system.
6. Experiments. A series of experiments on new ways of organizing or new ways of handling communications.
7. Educational interventions -- training programs, outside courses, etc.
8. An organization wide confrontation meeting, bringing together a variety of parts of the organization, to examine the state of affairs and to make first step plans for improvement.
9. The creation of a critical mass.

I want to elaborate a little on this last concept. It is most difficult for a stable organization to change itself; that is, for the regular structures of the organization to be used for change. Temporary systems are frequently created to accomplish this. As an example, in one very large system -- a country -- there were a number of agencies involved in training and development for organization leaders. The government provided grants to them for training activities. These grants provided funds to support the agency staffs for other purposes. Because of this condition each agency was busily mounting programs for the same

small clientele. Each agency kept innovations secret from its competitors.

As an attempt to move this competitive state toward a more collaborative one, a small group of people developed a "non organization" called the Association for Commercial and Industrial Education. It was a luncheon club. Its rules were the opposite of an ordinary organization. It could make no group decisions; it distributed no minutes; no one was allowed to take any one else to lunch; there were no dues; there were no officers or hierarchy in the organization.

In this context it was possible for individuals from the various competing agencies to sit down and talk together about matters of mutual interest. After a couple of years it even became possible to mount a national organization development training project -- a 4 week course which was attended by top line managers and personnel people from all the major economic and social institutions in the country. Only this non organization could sponsor such a program. From this program a great many other linkages were developed. Today there is a whole professional association of collaborating change agents, with bases in a variety of institutions, but with the capacity to collaborate around larger national problems.

MAINTAINING CHANGE

To maintain change in a large system it is necessary to have conscious procedures and commitment. Organization change will not stay maintained because there has been early success. There are a number of interventions which are possible, and many necessary if a change is to be maintained. Many organizations are living with the effects of successful short term change results which have not been maintained.

Perhaps the most important single requirement for continued change, is a continued feedback and information system that lets people in the organization know where they're at in relation to desired states. Some feedback systems that are used fairly frequently are

1. Periodic team meetings to review where a team is at and what its next goal priorities should be.
2. Organization sensing meetings -- the top of an organization meets, on a systematic planned basis, with a sample of employees from a variety of different organizational centers, in order to keep apprised of the state of the system.
3. Periodic intergroup meetings between interdependent units of an organization.
4. Renewal conferences. One company I know has an annual 5-year planning meeting with its top management. Three weeks prior to that meeting the same management group and their wives go to a retreat for 2 or 3 days to take a look at where they are at, where their personal and company priorities are, what are the new forces in the environment, what do they need to keep in mind in their upcoming planning, what has happened in the way they work and in their relationships that needs review before the planning meeting.
5. Performance review on a systematic goal directed basis.
6. Periodic visits from outside consultants to keep the organization leaders thinking about the organization's renewal.

There are many other possible techniques but these are probably the most commonly used methods of maintaining a change effort in a complex organization.

SUMMARY

Toward helping organizations improve their operational effectiveness and system health, I have looked at

a. Some conditions for organization change

b. Some assumptions about relationships between the system and the facilitator or consultant

c Someimplications of these dynamics for the behavior of the consultant

d. An analysis of what the consultant brings to the relationship

e. His operational choices in establishing a contract

f. A model for determining his early organization interventions

g. Some choices of change strategies

h. Some choices of early interventions

i. Some choices of strategies for maintaining change.

As I said at the beginning, the focus of this paper has been on what the third party, facilitator, consultant, etc., can do as either a consultant, expert, trainer, or coach, in helping organization leaders diagnose their own system and plan strategies for development toward a better state. This focus includes process intervention but is not exclusively that. It also includes the skills of system diagnosis, of determining change strategies, of understanding the relationship of organizations to external environments, of understanding such organizational processes as power, reward systems, organizational decision making, information systems, structural designs and planning processes.

A final comment -- it is this writer's experience that the demand for assistance in organizational interventions and large system organization change is increasing at a very fast rate. It is my personal opinion

that it is increasing faster than there are resources to meet the demands. As the world shrinks, as we have more multi-national organizations, as the interfaces between government and the private sector and the social sector become more blurred and more overlapping, large system interventions and the technology and skill avaliable to facilitate these will be in continuing greater need and demand.

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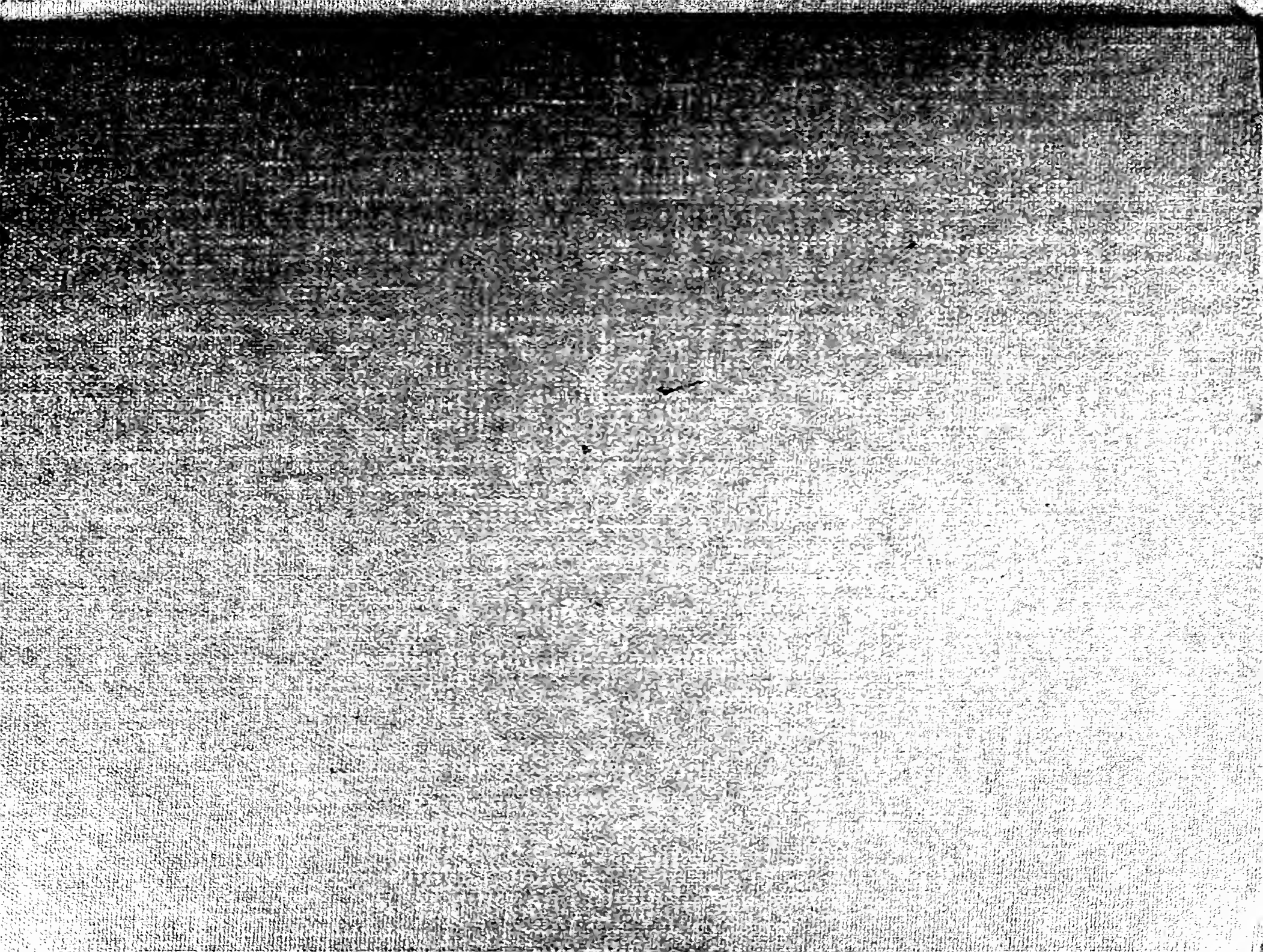
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